

From: Carolyn and Louis [carlou85@suddenlink.net]
Sent: Monday, April 06, 2009 8:52 PM
To: _Regulatory Comments
Subject: FW: C L Guidry - Comments on Advanced Notice of Proposed Rulemaking for Part 704

From: Carolyn Guidry [mailto:CGuidry@dresserfcu.org]
Sent: Monday, April 06, 2009 4:41 PM
To: carlou85@suddenlink.net
Subject: C L Guidry - Comments on Advanced Notice of Proposed Rulemaking for Part 704

As a small credit union (under \$10 million in assets), we heavily rely on our corporate credit unions for payment and clearing services, ACH transactions, wire transfer services, and investment services. Further, our corporate credit unions have been able to provide these services at affordable rates. If these services were not available to us, we would have an extremely difficult time competing with other financial institutions (banks as well as other credit unions). Additionally, we would not have been able to expand our member services to the extent that we have. A final service that would be available to our credit union, if necessary, would be short term liquidity. Fortunately, our credit union has not had a need for such service.

Unfortunately, like the nation's 7,900 credit unions, the national FOMs have resulted in corporate credit unions competing with each other. In my opinion, this has caused a weakening of the corporate system, as well as a weakening of the credit union system as a whole. Credit unions were originally formed to work cooperatively, not competitively. As such, I feel that the agency should return to defined state or regional FOMs.

Concerning the two-tiered system of the current corporate system, I do not feel that there is a specific need for a wholesale corporate credit union. If the current two-tiered system is retained, I feel that the range of permissible investments should be more conservative/constrained or restricted. Or, perhaps a better option would be to offer greater returns to those credit unions who are willing, and able, to absorb greater risk. Generally speaking, however, high risk investments should be prohibited.